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C O N F I D E N T I A L SECTION 01 OF 02 PRETORIA 004473

SIPDIS

DEPT FOR AF/S (MTABLER-STONE)
TREASURY FOR BCUSHMAN

E.O. 12958: DECL: 11/07/2015
TAGS: [EFIN](#) [KTFN](#) [PTER](#) [ETTC](#) [PREL](#) [SF](#)
SUBJECT: SOUTH AFRICA: POST ASSESSMENT OF CASH COURIER ENVIRONMENT

REF: A. TREASURY DTE 011853Z NOV 05

- [¶B.](#) PRETORIA 4093
- [¶C.](#) PRETORIA 2671
- [¶D.](#) PRETORIA 2160
- [¶E.](#) PRETORIA 1789
- [¶F.](#) PRETORIA 1599
- [¶G.](#) 04 PRETORIA 5452

Classified By: Charge d'Affaires Jeff Hartley for Reasons 1.4 (b) and (d).

[¶1.](#) (U) Post responses follow below according to subheadings on Ref A.

The Border and the Legal Environment

[¶2.](#) (SBU) South Africa maintains declaration systems at all border points for cash and other goods. The South African Revenue Service (SARS) requires travelers to fill out a customs declaration stating the amount of currency in their possession upon entering and exiting the country. SARS does not, however, prominently display its currency declaration regulations in customs areas. Individuals traveling for personal reasons can carry 35,000 rand value (\$5,400) in foreign currency per trip, while business travelers can carry 140,000 rand value (\$21,500) in foreign currency per trip. The South Africa Government (SAG) caps individuals leaving South Africa for personal reasons at annual limits of 160,000 rand (\$24,600) per adult and 50,000 rand (\$7,700) per child under 12 years of age. Any amounts exceeding the restricted amounts require prior approval from the South African Reserve Bank (SARB).

[¶3.](#) (C) Post does not believe that SARS customs officials are adequately trained or aware of cash courier problems. Customs officials are known to be corrupted, although not as easily as the Department of Home Affairs immigration officials. SARS officials are better trained and more highly paid than Home Affairs border officials. Nevertheless, post does not believe that SARS is effective in addressing the ongoing smuggling of cash and goods in and out of South Africa. Smuggling cash in and out of South Africa is illegal and host law enforcement and intelligence agencies share information in their effort to combat financial crimes.

[¶4.](#) (SBU) As stated in Refs B through G, South Africa has an active and growing financial intelligence unit -- the Financial Intelligence Centre (FIC). The FIC has received over 33,000 suspicious transaction reports since its inception in February 2003, but only passed on about one percent of the reports to law enforcement for further investigation. As a result, the FIC continues to focus on improving the quality of suspicious transaction reports. In addition, recent speculation in the press indicated that South Africa's Financial Intelligence Centre Act may be amended to give the FIC expanded powers to use information from suspicious transaction reports in court prosecutions.

The Political Environment

[¶5.](#) (C) South Africa is well aware of Financial Action Task Force (FATF) Special Recommendation IX (regarding cash couriers/terrorist financing) as it assumed the one-year FATF Presidency on July 1 (Ref C). Current legislation contains provisions for cross-border currency transactions, but South Africa has not yet fully enacted its monitoring system to post's knowledge. Post officials have engaged the SAG on the issue of cash couriers in the context of terrorist financing. The SAG is concerned about the issue and appears willing to address it in terms of receiving training or information from U.S. agencies.

USG Assistance

[¶6.](#) (C) To post's knowledge, South Africa has not received any training on the cash courier issue from any donor countries. Post recently held terrorist financing training for South African Police Service (SAPS) criminal intelligence and FIC officials. However, cash courier issues were not addressed.

Per Refs B and D, the SAPS and FIC continually request additional training from USG agencies. Post believes these efforts are key to fostering closer relations with the SAG. The SAG would appreciate future USG technical assistance on cash couriers. Post recommends that after initial contact on this issue, SAG hardware and software needs be assessed.

17. (C) In December 2004, the SARB Exchange Control Department did request USG assistance regarding a \$6 million cash shipment detained at Johannesburg airport. The shipment was from Dimco Diamond Company of Israel to a company named Ascorp in Luanda, Angola. The SARB wanted a U.S. official to determine if the money was counterfeit. The SARB later informed Econoff that it had released the shipment when it received additional paperwork and that it had indeed been a routine transaction between the two companies. Post determined that the companies involved were legitimate, but never confirmed that these large cash shipments were routine.
The Strategic Picture

18. (C) Post agrees that all six elements listed in Ref A are essential in the effort to combat terrorists' use of cash couriers. Specifically, post believes that having properly trained authorities is of particular importance in South Africa, as is the bilateral sharing of intelligence.

HARTLEY